

# K-12 Funding: Other Budgeted Funds

School Funding Interim Commission

February 12<sup>th</sup>, 2026

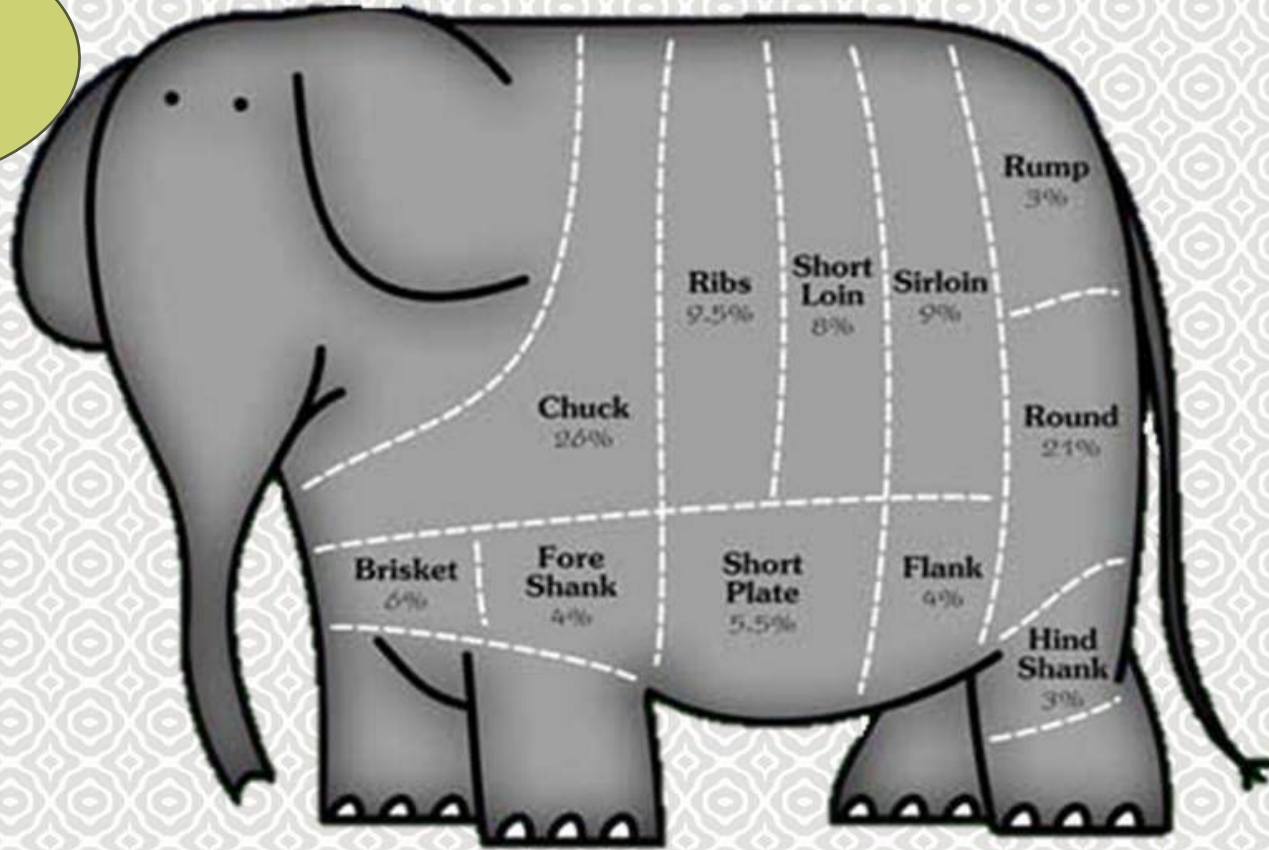
Prepared by

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Julia Pattin, LFD



Let's learn about school funding!



one bite at a time...

<https://medium.com/@zrehan286/approaching-a-problem-f6d6138e70d1>

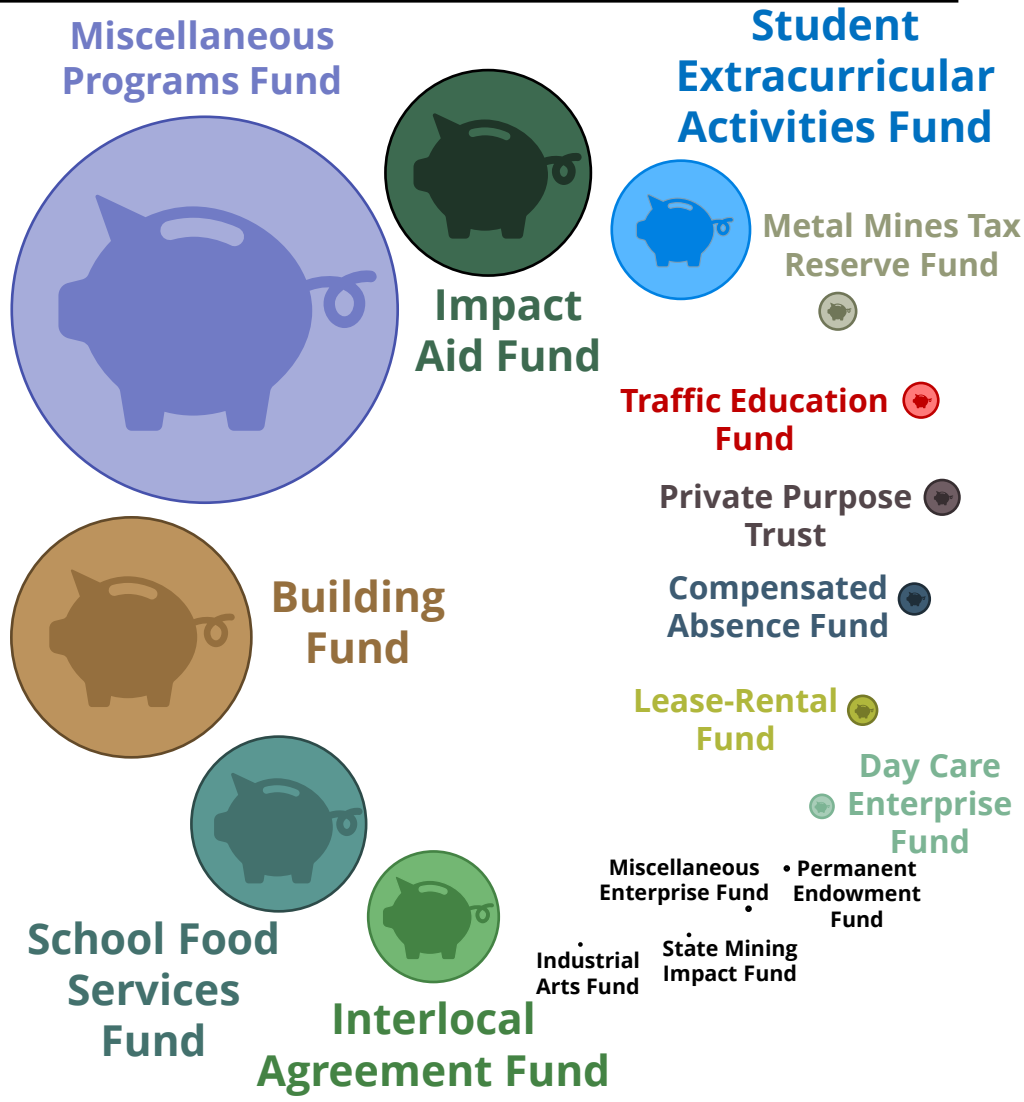
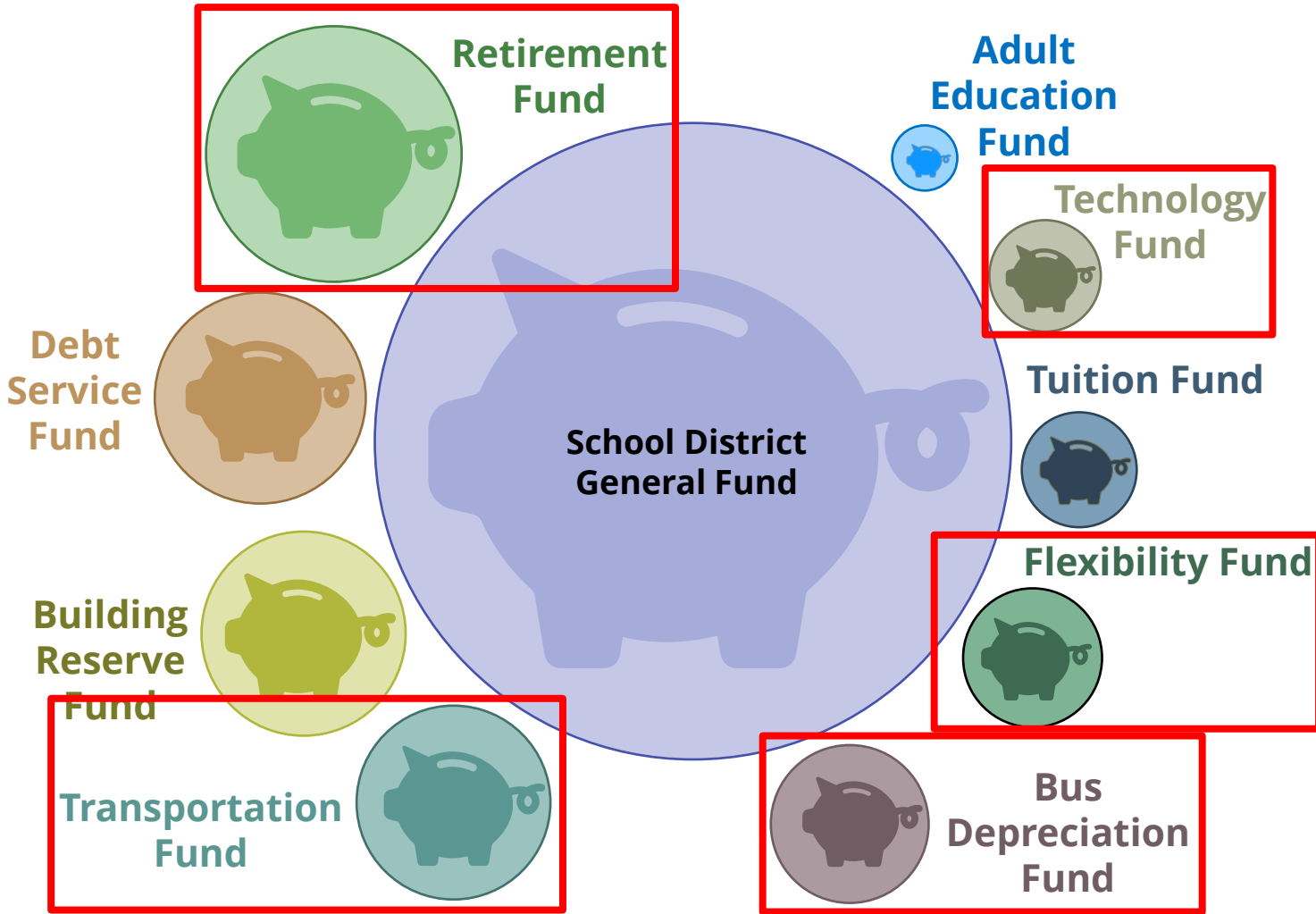
The theme of today's school funding snack is:

- the retirement fund
- the transportation fund
- the bus depreciation reserve fund
- the technology fund
- the flexibility fund

Remember, this is just a snack. Let us know what more your appetite requires, and we'll bring more to the table next time!

## Budgeted Funds

## Non-Budgeted Funds





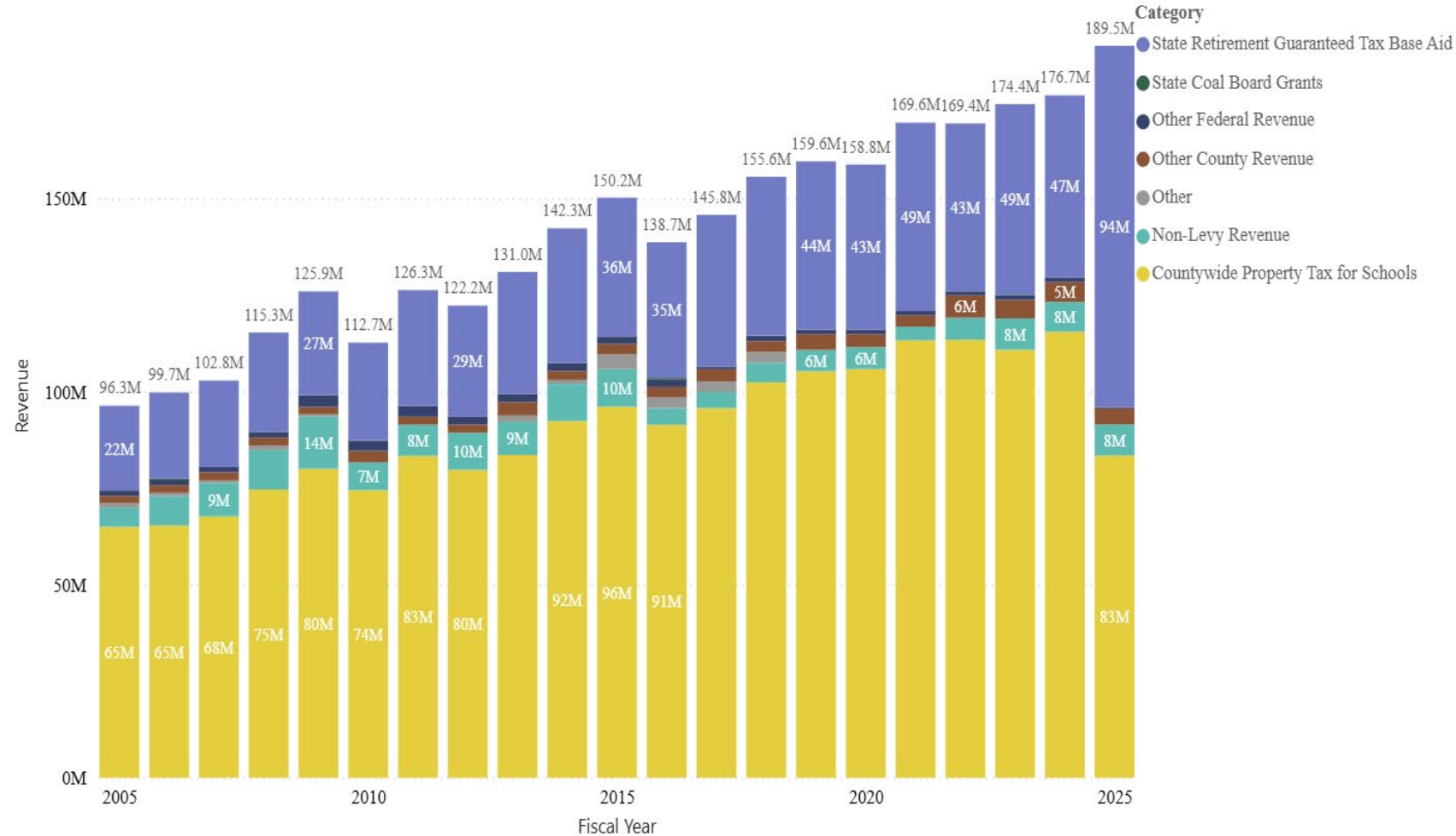
# **The Retirement Fund**

# The Retirement Fund – Revenues

- [20-9-501, MCA](#)
- Funded by:
  - District fund balance reappropriated (any fund balance remaining from the prior year over the 20% reserve cap)
  - County non-levy revenues (if available; county fund balance, county oil and gas, etc.)
  - Countywide property tax levies (required/formulaic)
  - State retirement guaranteed tax base (GTB) aid if the county is eligible

➤ See the [Retirement Fund Brochure](#) and the [School District General Fund Interactive Tool](#) to learn more.

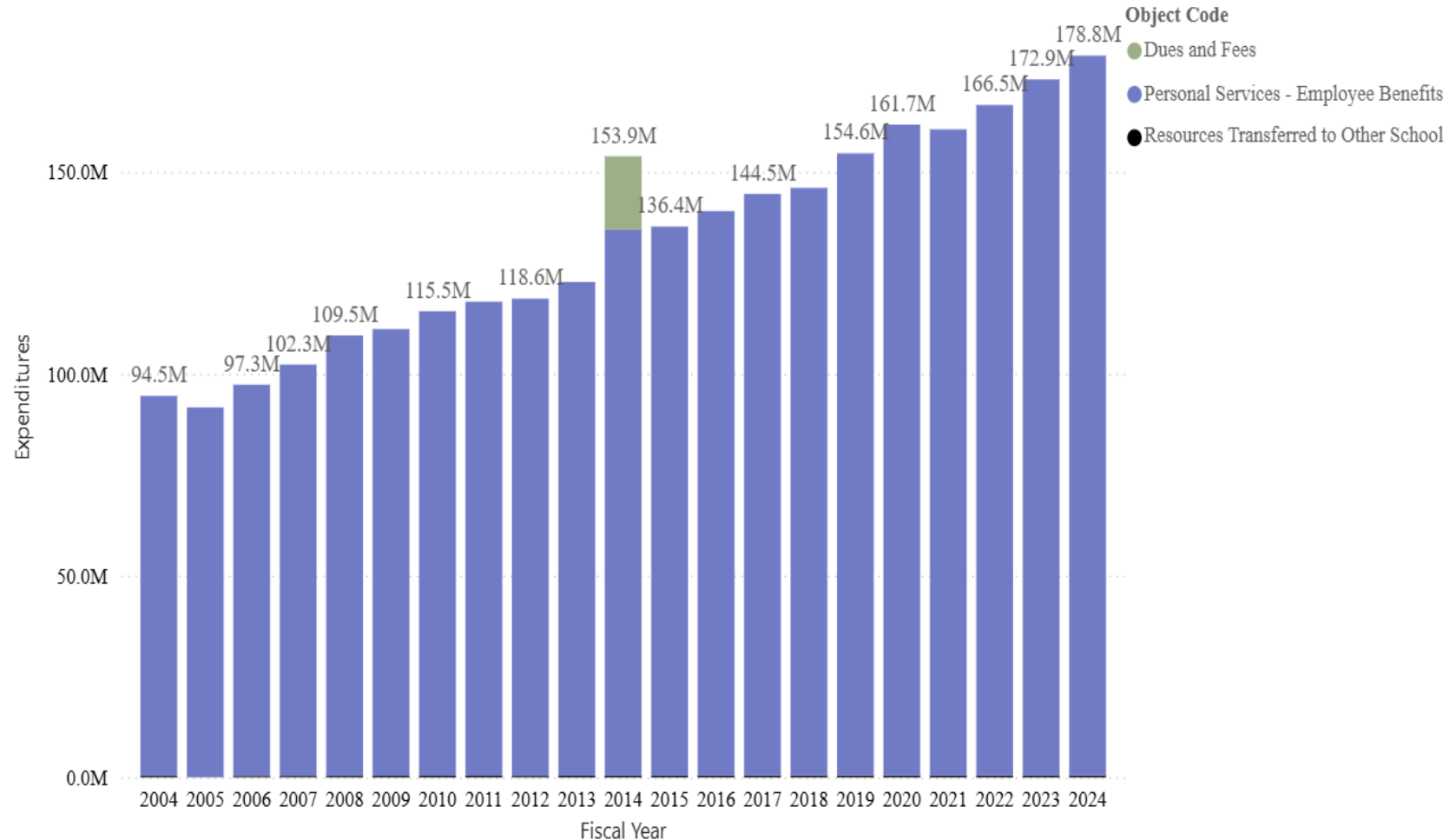
HB 587 (2023) increased the retirement GTB multiplier for FY 2025 and beyond, driving down countywide property tax levies statewide (though impacts to individual counties varied).



# The Retirement Fund – Expenditures

- [20-9-501, MCA](#)
- Expenditures from the district retirement fund are almost entirely for the statutorily determined employer (district) contributions to the retirement systems on behalf of district employees.
- See the [Retirement Fund Brochure](#) and the [School District General Fund Interactive Tool](#) to learn more.

This chart shows expenditures from the district retirement fund. Revenues are generated at the county level and distributed each month to district funds, districts then remit their required contributions to PERS and TRS. The anomaly in 2014 was driven by HB 377 (2013) which reduced the reserve limit in district retirement funds from 35% to 20% and “swept” excess reserves to TRS.



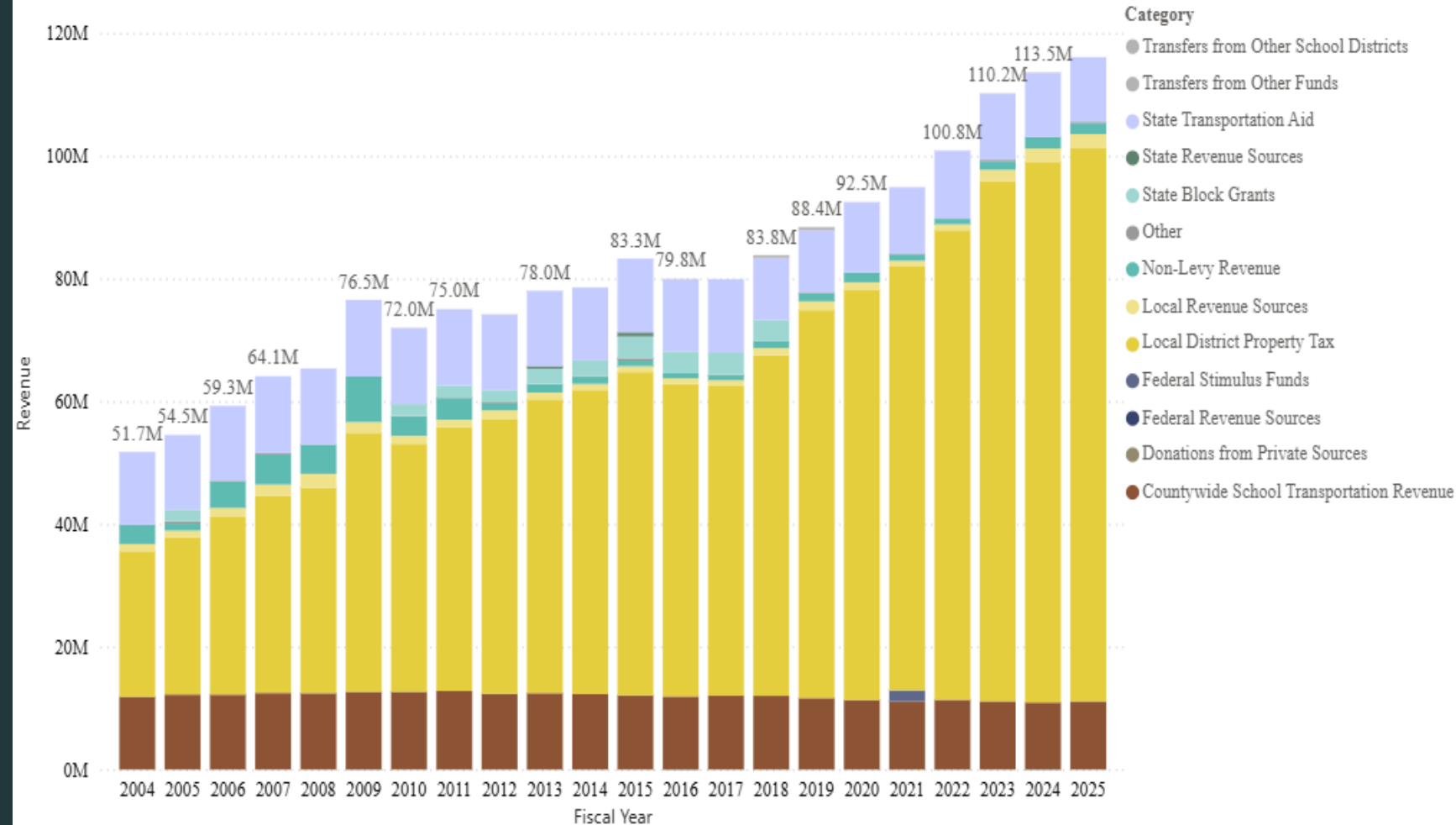


# The Transportation Fund

# The Transportation Fund – Revenues

- [20-10-143, MCA](#) and [20-10-144, MCA](#)
- Funded by:
  - State on-schedule reimbursement – state transportation aid
  - County on-schedule reimbursement – usually with countywide property tax levies
  - Non-levy revenues (if available; ex: oil and gas)
  - Permissive (non-voted) local school district property tax levies
- See the [Transportation Fund Brochure](#) and the [School District General Fund Interactive Tool](#) to learn more.

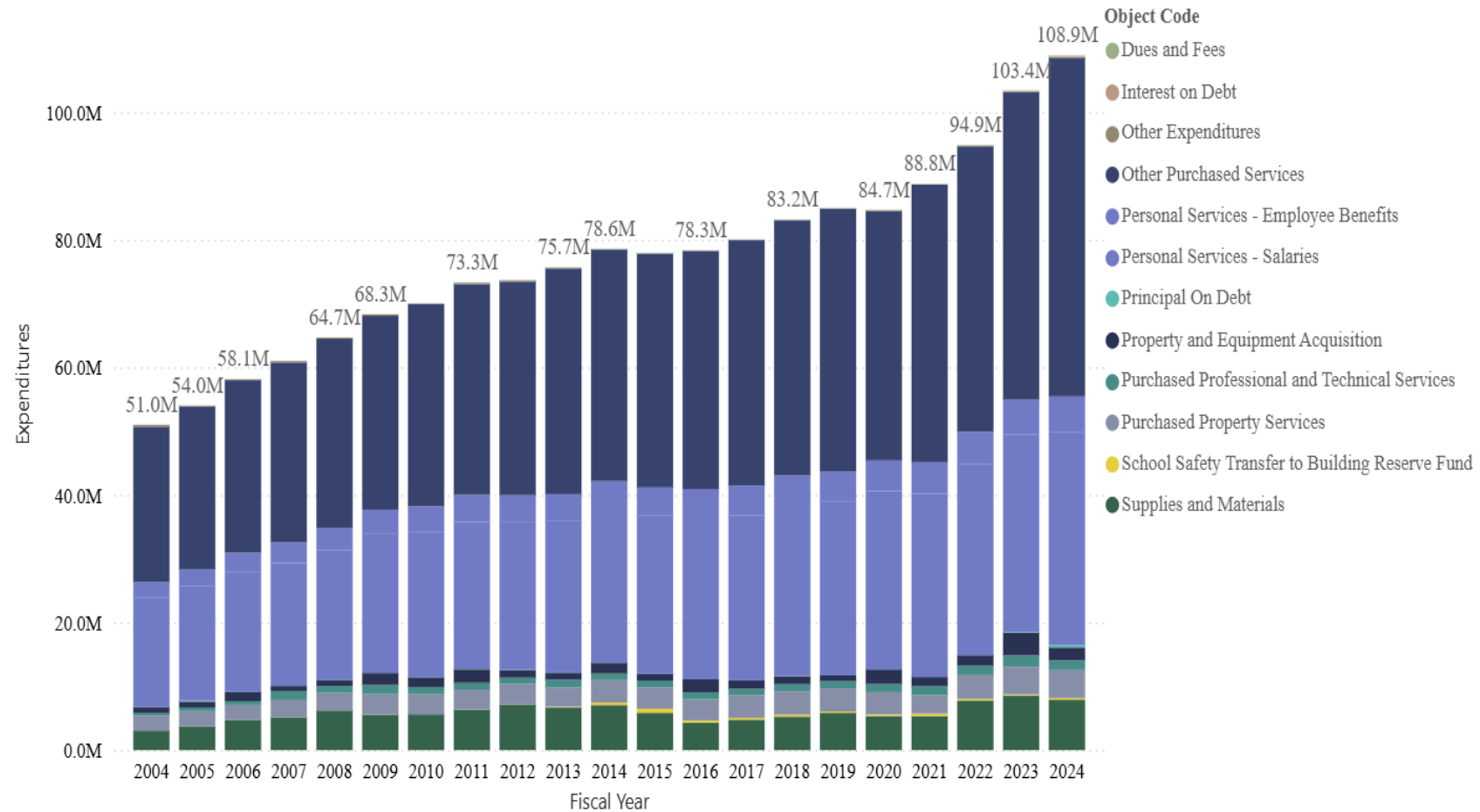
The rates for state and county reimbursement amounts for school buses are set in 20-10-141(2)(a), MCA and were not meaningfully increased between 2004 and 2025. HB 483 (2025) increased the rates and the state portion of the on-schedule reimbursements in an effort to lower countywide and local school district property taxes for transportation.



# The Transportation Fund – Expenditures

- [20-10-143, MCA](#) and [20-10-144, MCA](#)
- Allowable uses of the transportation fund include expenditures for buses, fuel, drivers, contracted services, etc.
- See the [Transportation Fund Brochure](#) and the [School District General Fund Interactive Tool](#) to learn more.

The use of the transportation fund is for to/from school transportation costs, not for extracurricular activities or field trips



### SEPTR Account

(School Equalization and Property Tax Reduction)

Receives revenue from the 95 mill statewide equalization levies, with increases in 95 mill revenue growth triggering a reduction in local property taxes through equalization mechanisms

2<sup>nd</sup> Source of State School Funding; any remaining state obligation comes from the general fund

HB 483 returns the automatic adjustment mechanisms in **FY 2028 and beyond**: first for county retirement GTB and then a newly created overflow mechanism that increases school district BASE budgets without impacting local taxpayers

Half of increase in 95 mill revenue ≤ 5% growth plus all increase >5% growth



HB 483 directs DOR and OPI to coordinate a "hard coded" increase to state transportation aid to schools (\$15.6 million) for **FY 2026 and 2027 (and beyond)** to address the TV increases coming with reappraisal

### Retirement GTB

Increase countywide school retirement GTB to lower county property taxes

### BASE Funding

Increase the BASE budget and **BASE GTB** (without increasing BASE property taxes) to squeeze down the over-BASE area



If there is a reduction in revenue (not just mills) brought in by the 95 mills from the prior year, **BASE GTB** and **countywide retirement GTB** are "dialed down" by the full amount of the decrease, shifting costs back onto local taxpayers

\*HB 483 also fixes the 95 mills so that they are no longer subject to limits in 15-10-420, MCA

\*Changes from HB 587 are shown in red

# Changes to the SEPTR Account mechanisms (HB 483; 2025)

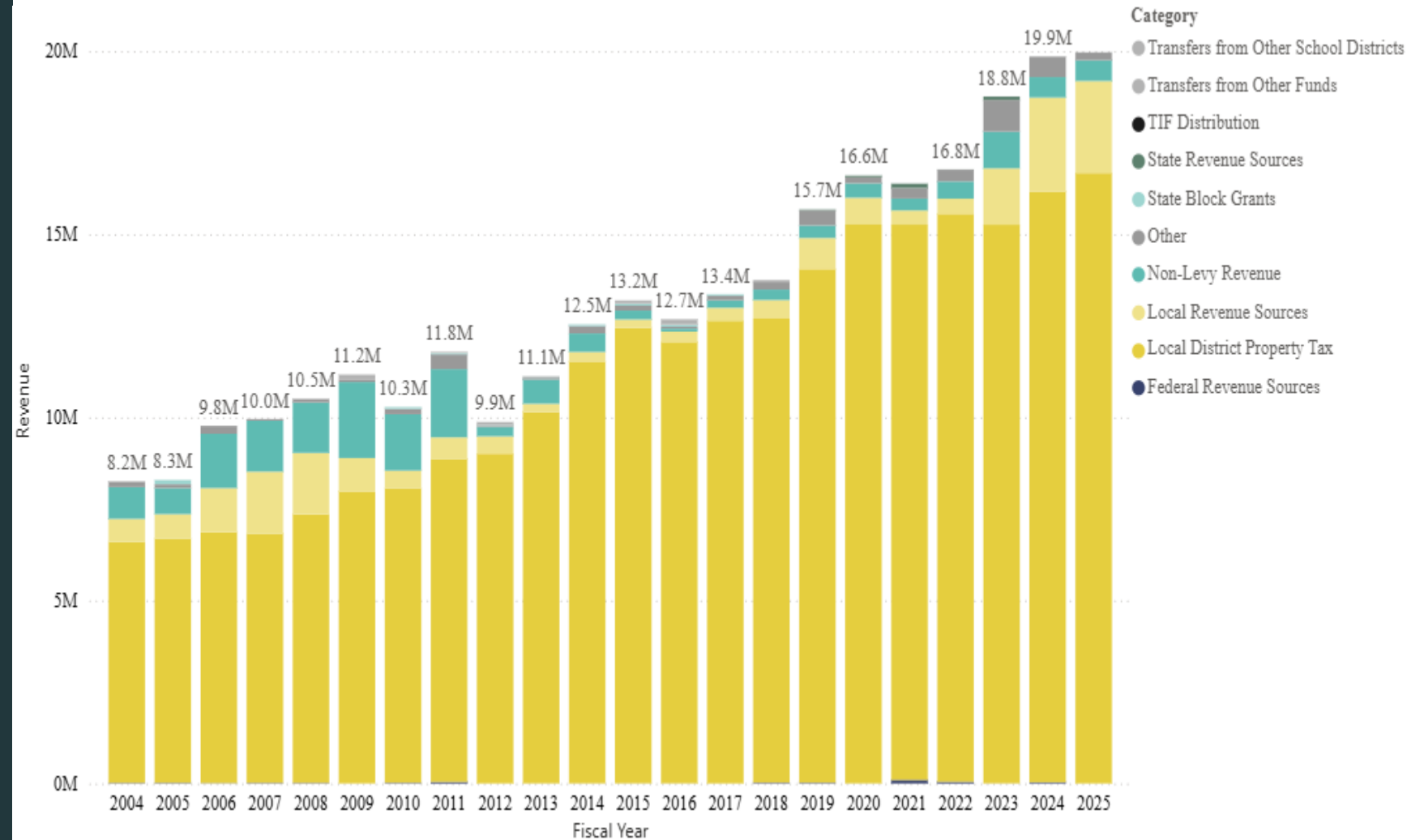


# **The Bus Depreciation Reserve Fund**

# The Bus Depreciation Reserve Fund – Revenues

- [20-10-147, MCA](#)
- Funded by:
  - Permissive (non-voted) local school district property tax levies
  - Non-levy revenues (if available; ex: oil and gas)
- Revenue is capped at 20% of the original cost/year and may not exceed 150% of the original cost
- See the [School District General Fund Interactive Tool](#) to learn more.

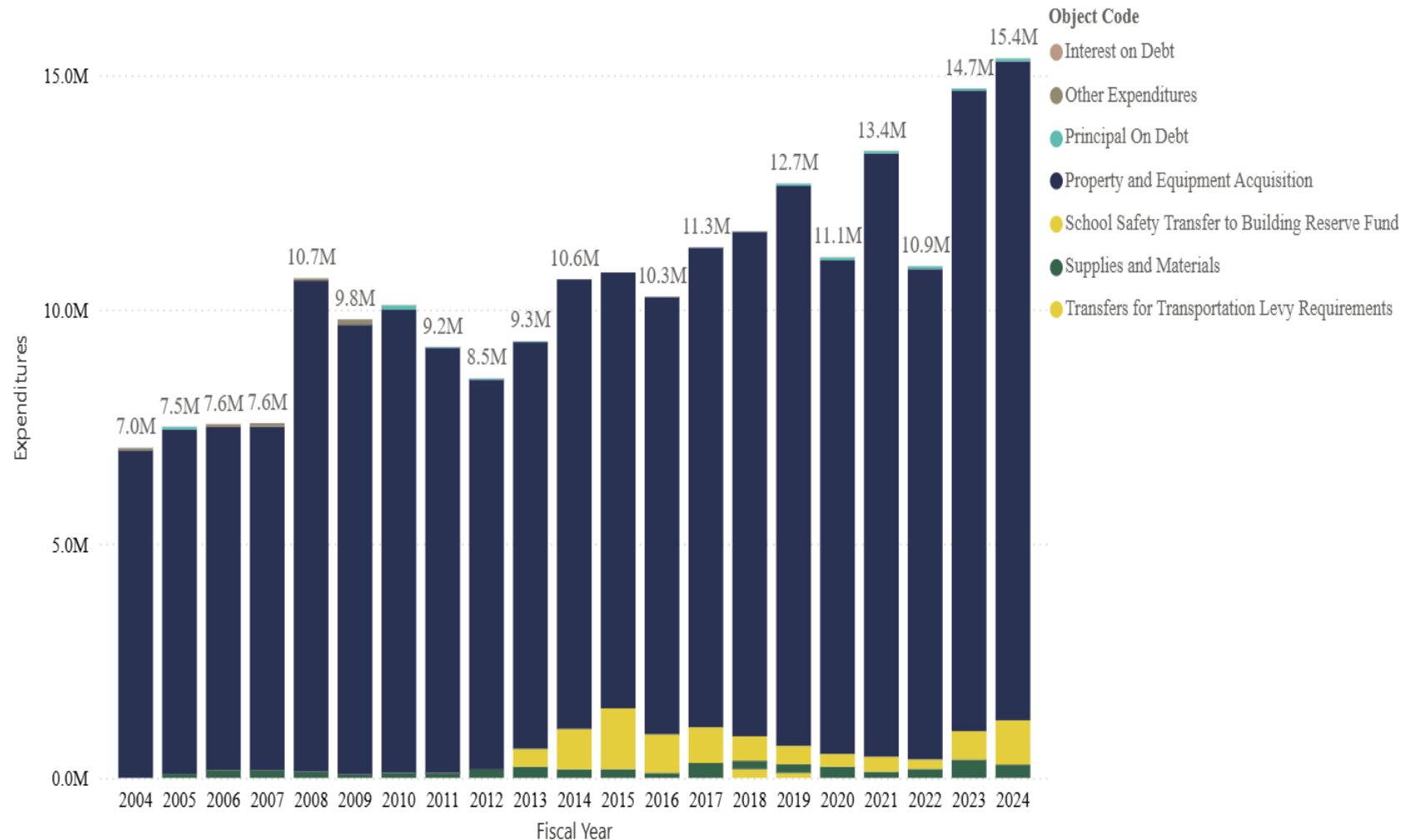
The bus depreciation reserve fund is a reserve fund used to accumulate funds for bus replacement and additional school buses.



# The Bus Depreciation Reserve Fund – Expenditures

- [20-10-143, MCA](#) and [20-10-144, MCA](#)
- Expenditures from this fund are primarily for property and equipment acquisition (buses)
- See the [School District General Fund Interactive Tool](#) to learn more.

Not all districts utilize the bus depreciation fund. For instance, some districts exclusively contract for all their transportation services (paid for via the transportation fund), and do not have their own bus fleet to maintain or replace.





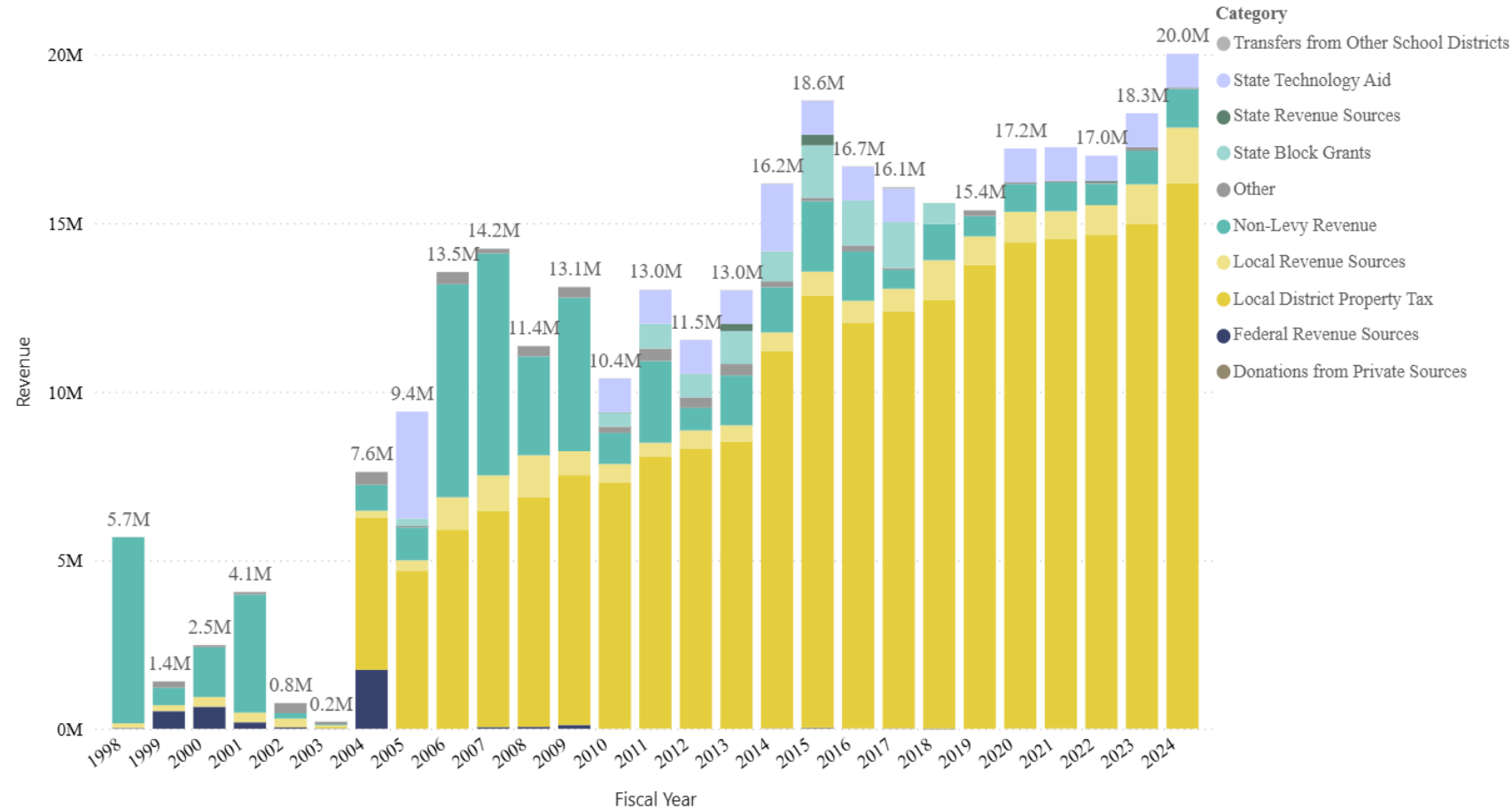
# **The Technology Fund**

# The Technology Fund – Revenues

- [20-9-533, MCA](#)
- Funded by:
  - Voted local school district property tax levies (must be reauthorized every 10 years)
  - Non-levy revenues (if available; ex: oil and gas)
  - State technology payment

➤ See the [School District General Fund Interactive Tool](#) to learn more.

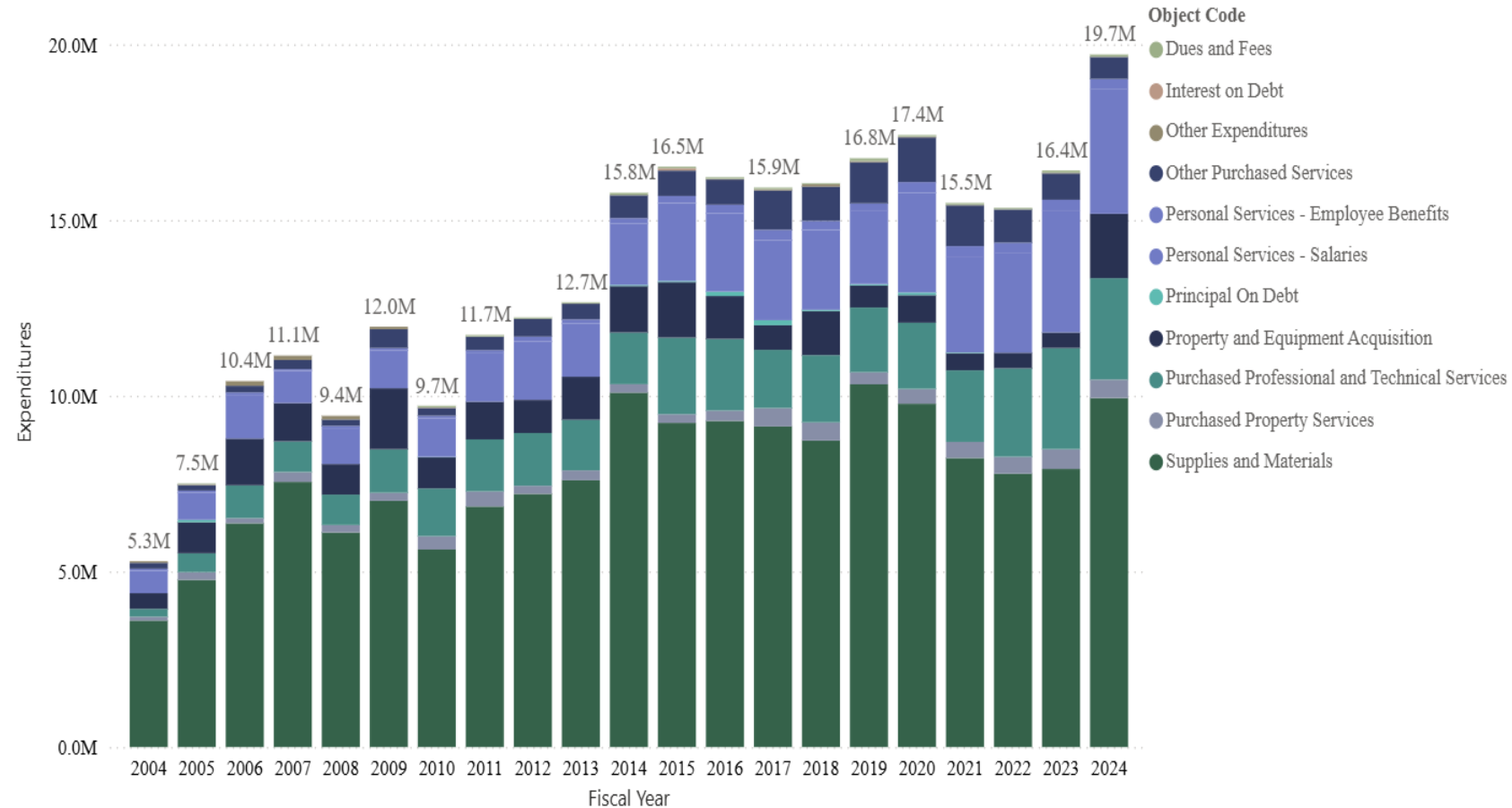
The state technology payment is a statutory appropriation of \$1.0 million per year, which is split between all of Montana’s school districts per the formula. The appropriation is made from the school facility and technology state special revenue account, which receives revenues from public land trust power site rent under the provisions of 77-4-208(2), MCA and timber harvest income from school trust lands under the provisions of 20-9-516(2)(a), MCA.



# The Technology Fund – Expenditures

- [20-9-533, MCA](#)
- Expenditures from this fund are primarily used for the purchase, rental, repair and maintenance of technology equipment, and associated technical training for school district personnel.
- See the [School District General Fund Interactive Tool](#) to learn more.

Since 2014, the technology fund levies can be based on the cost of equipment and the cost of providing the technologies listed; cloud computing services for technology infrastructure, platform, software, network, storage, security, data, database, test environment, curriculum, or desktop virtualization purposes, including any subscription or any license-based or pay-per-use service that is accessed over the internet or other remote network to meet the district's information technology and other needs.



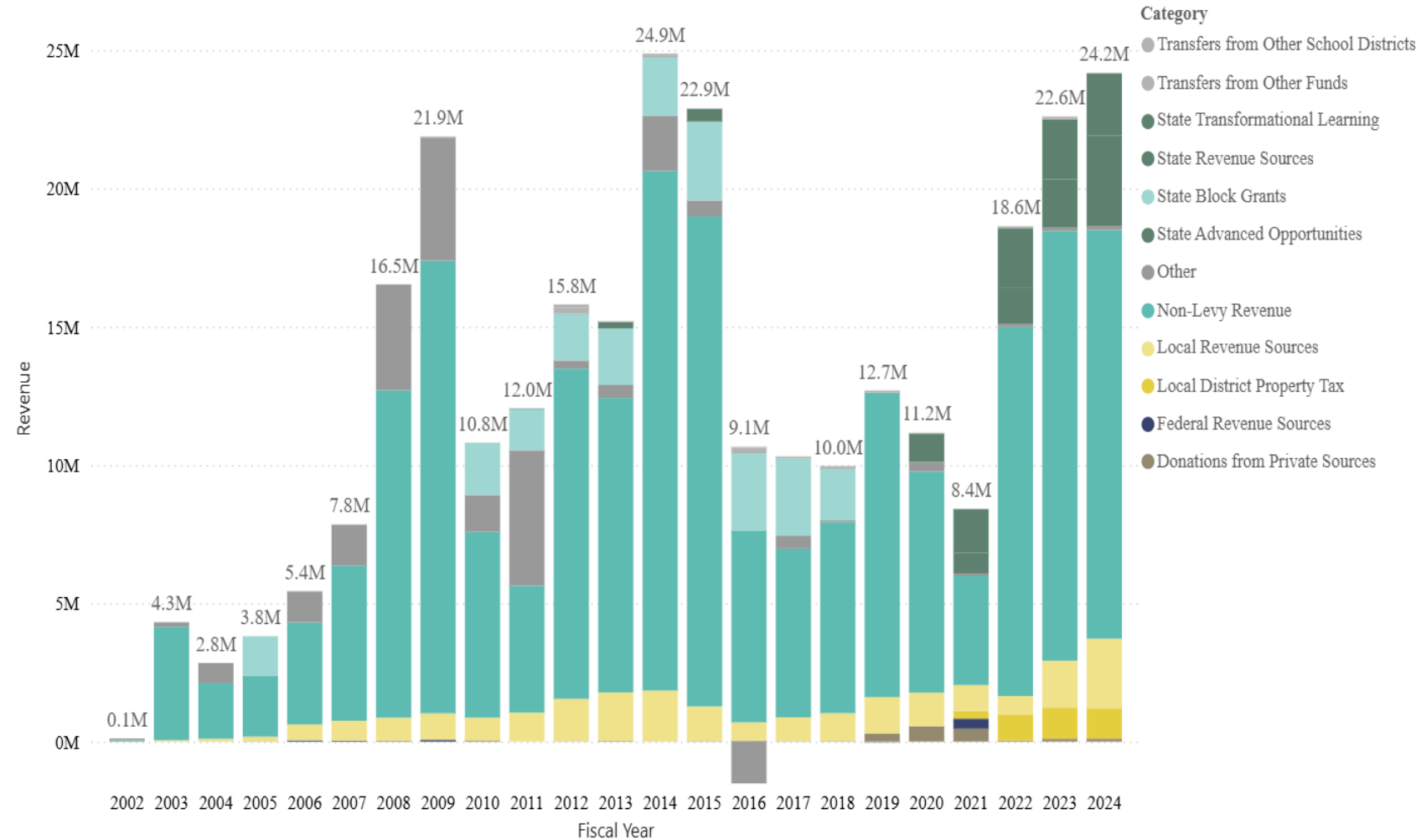


# **The Flexibility Fund**

# The Flexibility Fund – Revenues

- [20-7-1602, MCA](#)
- Funded by:
  - Transfers
  - Grants
  - Non-levy revenues (if available; ex: oil and gas)
  - State funding for programs like transformational learning and advanced opportunities
  - Limited permissive (non-voted) local school district property tax levy to supplement transformational learning aid
- See the [School District General Fund Interactive Tool](#) to learn more.

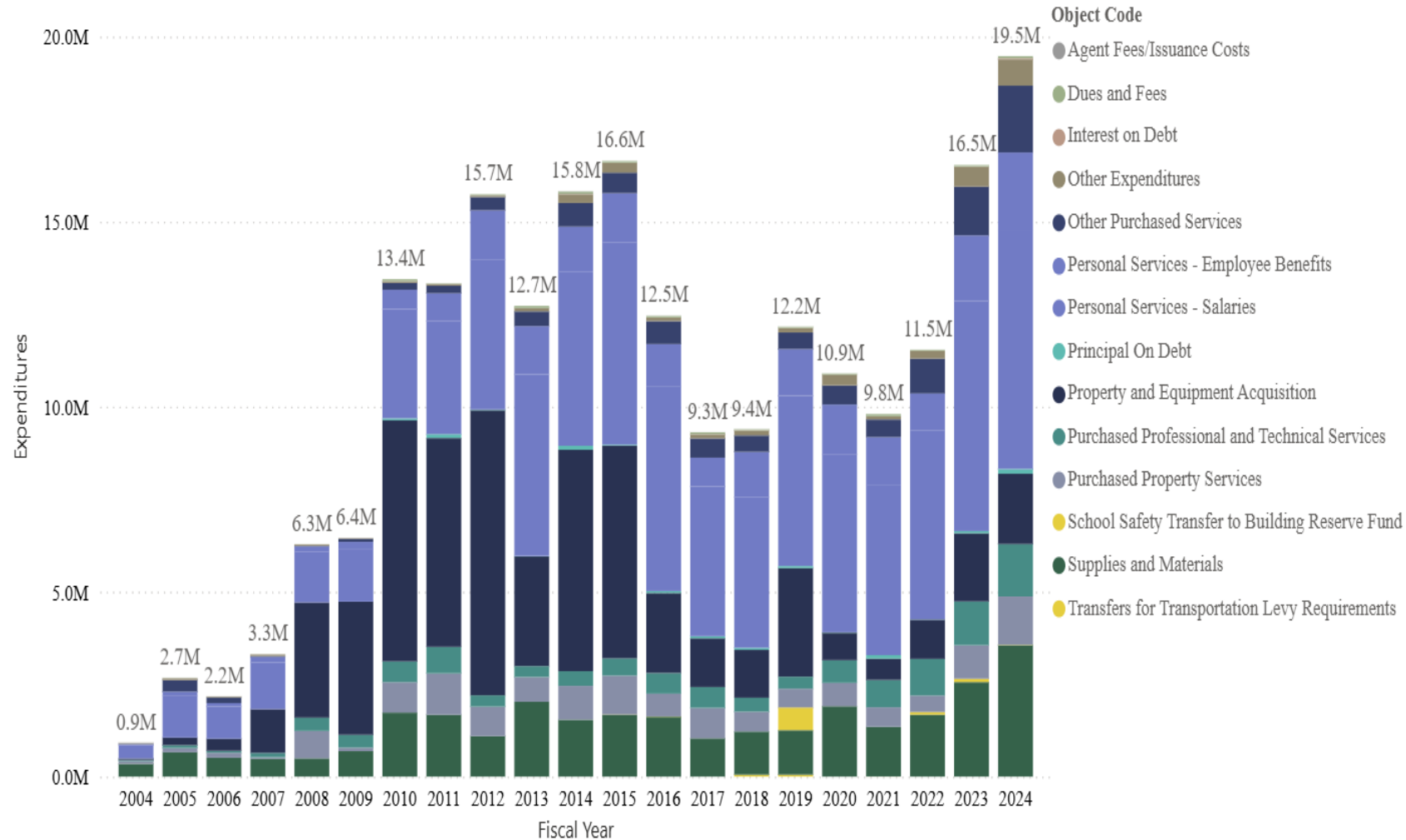
If the district is awarded a transformational learning aid grant, the district may permissively levy up to 100% of their award in the flexibility fund. The district is required to notice any projected mill increases in this fund by March 31<sup>st</sup> per statute.



# The Flexibility Fund – Expenditures

- [20-7-1602, MCA](#)
- Expenditures from this fund are used for a variety of purposes including technology, facility expansion, student assessment and evaluation, curriculum development, and certain other types of expenditures
- See the [School District General Fund Interactive Tool](#) to learn more.

The flexibility fund has no legal reserve limit on reserves. The district may reserve or reappropriate (and budget) the ending fund balance from the prior year.





# School Funding Resources:

<https://www.legmt.gov/lfd/publications/school-funding-library/>

## Property Tax Resources:

<https://www.legmt.gov/lfd/publications/property-tax-library/>

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# Questions?

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